

the appointment of Mr. Greenland as auditor for the next ensuing twelve months, so that I have placed before you the record of Mr. Greenland's appointment as auditor for 1887 and 1888. Following that meeting of shareholders we have a meeting of directors on the 11th February, when it was resolved that Mr. O'Connor be elected chairman of directors for the ensuing term of twelve months. During this year 1888 the minute-book contains no record of the shareholders appointing a managing director, or of Mr. O'Connor being appointed, but still, during the year he drew the salary, and Mr. Greenland audited the accounts. And further, following on from that date until the removal to Wellington of the office and management of the company, there is no record in the minute-book of any account having been examined or expenditure authorised or passed for payment by the directors. That is to say, from the 11th February, 1888, to the 31st December, 1888, thousands of pounds were disbursed, as will be seen by an examination of the vouchers, and the minute-book shows no authority for the expenditure, neither does it show that the accounts were examined or passed for payment. The accounts have since been examined by Mr. Barton, and an analysis has been prepared. You will find under the different headings the name of the claimant, by whom certified, by whom receipted, the amount, and remarks. These accounts amount to many thousands of pounds; some have been certified by Mr. O'Connor, others have been paid without any certificate, while many accounts bear no claimant's name. With that I will hand you another document, being the result of an examination by myself of cheques passed through the company's account at the Bank of New Zealand. You will find under the headings the date of cheque, amount, and to whom paid. With this before you you will be struck by the large proportion of money which has been paid into Mr. O'Connor's account. You will find upon an examination of this memorandum that during the month of October, 1887, four cheques, amounting to £192 8s. 6d., were issued on the company's account, signed by Messrs. E. O'Connor and Colvin as directors of the company, and paid into Mr. O'Connor's own account at his bankers, Mr. O'Connor being well known to have an interest in a butchery business at Westport, carried on by Mr. Colvin. In the month of December, 1887, January, 1888, and subsequent months, you will see cheques signed by Messrs. O'Connor and Colvin, aggregating many hundreds of pounds sterling, paid into Mr. O'Connor's own banking account. You will also find a very large number of cheques signed by Mr. O'Connor and other directors paid into Mr. O'Connor's own banking account. So far as I have been able to gather, Mr. O'Connor appears to have paid, apparently on account of the company, large sums of money from time to time at his own discretion. The minute-book is silent as to whether the services to the company represented by these payments were either in the first place authorised by the directors, or ever passed for payment by them. The utmost laxity apparently existed with respect to the whole matter. So much was this the case that even the auditors who passed the accounts at this period (of whom one, by the way, was Mr. Greenland, one of the members of the committee of inquiry) appear to have been equally careless with Mr. O'Connor and his colleagues as to the accuracy of the vouchers necessary to be produced in reference to these payments charged against the company. I have been to the bank, and examined each cheque, and have marked some as curiosities. Here is one without the secretary's counter-signature. You will find three or four names very prominent here, amongst them Mr. Corby, to whom large sums have repeatedly been paid. With regard to Mr. Corby, who carried on the business at Mokihi-nui as storekeeper and accommodation-house keeper, I have received a telegram from Westport stating that he was a partner with Mr. O'Connor; and I might mention that last week we moved in the direction of obtaining Mr. Corby's books with a view of making an examination and thoroughly elucidating these transactions, but without success. I have no doubt that Mr. Corby telegraphed to Mr. O'Connor, and that that materially altered Mr. O'Connor's attitude in this affair. You will find another name, that of Mr. Colvin. Mr. O'Connor mentioned about the stock business he was transacting amounting to £25,000 a year. Mr. Colvin is a well-known butcher, and, as I have already said, is also frequently spoken of as a partner of Mr. O'Connor. I specially mention the names of Mr. Dolphin, Mr. Corby, and Mr. Colvin. An examination of this list will show that forty or fifty of these cheques have been paid into these accounts. We find in one instance, that of Mr. Colvin's, that a cheque was apparently cashed by him. Many of these cheques were signed either by Colvin or O'Connor. Another case is that of the sawmill company at Mokihi-nui, in which Mr. O'Connor is a partner. Large sums have been paid into that company, and the accounts are in such a position that it would be almost advisable for you to see the whole of the books of the company. The ledger, folio 107, shows that £695 2s. 6d. was paid to the sawmill company, and there is no record in the minute-book of such an amount having been passed for payment. It is undisputed that Mr. O'Connor is a partner in that sawmill company. I ask you to arrive at a fair idea of how the business of the company was conducted in those days. Here is a bundle of vouchers picked out showing what was done in the early days of the company. Here is a voucher, part of which is in the writing of Mr. O'Connor: "Directors' expenses, &c., £22 4s. 6d.," certified to by Mr. O'Connor, and the voucher is signed by Mr. O'Connor. He certifies to the voucher and signs the cheque. This is to one of Mr. O'Connor's associates in business: "James Colvin, £1 15s. 8d., interest on calls advanced." This voucher is receipted by Mr. O'Connor for Colvin. Here is another: "Mokihi-nui Company to John Callan, to sundry payments to different parties." It is not certified to by Mr. O'Connor, but the money is received by James Colvin. There is the whole bundle of vouchers, and as you investigate them you will find that each one has some peculiarity. [A large number of vouchers were here put in.] I think I have said enough to you to show that in the interests of the company the affairs and expenditure of the company up to the time of the removal of the management to Wellington demand a close investigation. Mr. O'Connor was secretary, engineer, managing director, paymaster, and lawyer—doing just as he pleased. I must submit one or two propositions in reference to this. I say that for three years—1887, 1888, and 1889—Mr. O'Connor was not entitled to draw any